



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JOHN D. CHERRY, JR.  
LT. GOVERNOR

**EXECUTIVE DIRECTIVE  
No. 2010 – 2**

**ENHANCING MICHIGAN ECONOMIC GROWTH AUTHORITY  
TRANSPARENCY AND ACCOUNTABILITY**

WHEREAS, Section 1 of Article V of the Michigan Constitution of 1963 vests the executive power of the State of Michigan in the Governor;

WHEREAS, under Section 8 of Article V of the Michigan Constitution of 1963, each principal department of state government is under the supervision of the Governor unless otherwise provided by the Constitution;

WHEREAS, under Section 8 of Article V of the Michigan Constitution of 1963, the Governor is responsible to take care that the laws be faithfully executed;

WHEREAS, when creating the Michigan Economic Growth Authority, the Michigan Legislature determined that it was in the public interest to promote private investment, encourage job creation, and job upgrading for residents of this state;

WHEREAS, under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, the Michigan Legislature has empowered the Michigan Economic Growth Authority to authorize eligible businesses to receive tax credits to foster job creation in this state;

WHEREAS, the Michigan Economic Growth Authority also is authorized to issue certificates and enter into written agreements specifying the conditions under which tax credits are authorized and the circumstances under which those tax credits may be reduced or terminated;

WHEREAS, the Michigan Economic Growth Authority, with staff assistance provided by the Michigan Economic Development Corporation, is vested with the responsibility of developing the application process and determining the form of applications for tax credits under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, and may request information as may be needed to permit the Authority to discharge its responsibilities;

WHEREAS, enhanced transparency and accountability measures are necessary to assure public confidence in the activities of the Michigan Economic Growth Authority and its continued effectiveness in attracting and retaining jobs in this state;

NOW, THEREFORE, I, Jennifer M. Granholm, Governor of the State of Michigan, by virtue of the power and authority vested in the Governor by the Michigan Constitution of 1963 and Michigan law, direct:

## **I. DEFINITIONS**

As used in this Directive:

A. “Board of Directors” or “Board” means the members of the Michigan Economic Growth Authority provided for under Section 4 of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.804, and Executive Order 2006-13, MCL 125.1991.

B. “Business Integrity Verification Program” means the business integrity verification program described in Section II.

C. “Chief Compliance Officer” means the Office of the Chief Compliance Officer created under Section 88i of the Michigan Strategic Fund Act, 1984 PA 270, MCL 125.2088i.

D. “Michigan Economic Growth Authority” or “Authority” means the authority created within the Michigan Strategic Fund under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810.

E. “Michigan Strategic Fund” means the public body corporate and politic created under Section 5 of the Michigan Strategic Fund Act, 1984 PA 270, MCL 125.2005.

## **II. BUSINESS INTEGRITY VERIFICATION PROGRAM**

A. The Michigan Economic Growth Authority shall establish a Business Integrity Verification Program to evaluate the business probity of a business entity applying for a tax credit under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810.

B. The Business Integrity Verification Program shall include, without limitation, all of the following:

1. A policy adopted by the Board of Directors of the Authority requiring a business entity applying for a tax credit under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, or a person associated with the business entity, to submit a written business integrity questionnaire and other

documentation in a form determined by the Authority, if a questionnaire or other documentation is necessary to verify the business integrity of the business entity.

2. A policy adopted by the Authority requiring a business entity applying for a tax credit under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, or a person associated with the business entity to submit to a civil, criminal, or credit background check if a background check is necessary to verify the business integrity of the business entity. The policy shall include, without limitation, measures to assure that the business entity or person has not been convicted of embezzlement, fraud, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or violation of state or federal antitrust laws or procurement laws.

C. If a business entity fails to comply with the requirements of Section II.B or if activities authorized under Section II.B demonstrate a lack of business integrity on the part of the business entity, the Board shall not authorize the Authority to enter into an agreement for a tax credit with the business entity.

D. The Authority shall adopt a policy mandating that agreements for a tax credit under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, include a provision requiring the Authority to withhold the issuance of a tax certificate for a tax credit to a business entity under Section 9 of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.809, if the Chief Compliance Officer determines that the business entity is not in compliance with the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, or other law applicable to the tax credit.

### **III. CHIEF COMPLIANCE OFFICER**

A. The Chief Compliance Officer shall do all of the following:

1. Assist the Board of Directors of the Authority with the implementation of this Directive and with the creation, implementation, monitoring, and enforcement of policies and procedures to prevent illegal, unethical, or improper conduct on the part of applicants for tax credits under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, the Board, or agents of the Board.

2. Recommend to the Board policies and procedures, including, but not limited to, a conflict of interest policy and an ethics policy to protect the interests of this state consistent with the requirements of this Directive and applicable state and federal law. The Chief Compliance Officer shall also assist in the design of the policies and procedures that will prevent violations from occurring, detect violations that have occurred, and correct any violations promptly.

3. Assist the Board to ensure compliance with internal policies and procedures and with applicable state and federal law.

4. Provide guidance to the Board and Authority staff on matters related to compliance with internal policies and procedures and with applicable state and federal law.

5. Make recommendations to the Board of the Authority and Authority staff regarding the appropriate evaluation, investigation, and resolution of issues and concerns regarding compliance with internal policies and procedures and with applicable state and federal law.

6. Review and evaluate compliance with internal policies and procedures and with applicable state and federal law.

7. Cooperate with the Office of the Auditor General as the Auditor General carries out his or her constitutional duties.

8. Contact persons receiving or applying for tax credits authorized under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, to the extent necessary to carry out responsibilities under this Directive and other applicable law.

B. The Authority shall not enter into a written agreement authorizing a tax credit under Section 9 of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.809, without a written determination by the Chief Compliance Officer that both the application and the authorization comply with the requirements of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, and other applicable law.

C. The Authority shall not make a determination as to whether the Authority will acknowledge as confidential under Section 5 of the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.805, any financial or proprietary information submitted and considered confidential by an applicant for a tax credit under the Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810, without the concurrence of the Chief Compliance Officer. Financial or proprietary information does not include information of a fraudulent nature or information submitted to the Authority in a fraudulent manner.

#### **IV. MICHIGAN ECONOMIC GROWTH AUTHORITY POLICIES AND PROCEDURES**

A. The members of the Board of the Authority shall discharge their duties in a nonpartisan manner, with good faith, and with that degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position.

B. The Board of Directors of the Michigan Economic Growth Authority shall adopt policies and procedures to assure compliance by the Board, the

Authority, and its employees, staff, and agents, with this Directive and all of the following:

1. 1968 PA 318, MCL 15.301 to 15.310.
2. 1968 PA 317, MCL 15.321 to 15.330.
3. 1973 PA 196, MCL 15.341 to 15.348
4. The Michigan Economic Growth Authority Act, 1995 PA 24, MCL 207.801 to 207.810.
5. The Michigan Strategic Fund Act, 1984 PA 270, MCL 125.2001 to 125.2094.
6. The Whistleblowers' Protection Act, 1980 PA 469, MCL 15.361 to 15.369.
7. Other applicable law as determined by the Chief Compliance Officer.

C. The Board of the Authority may, as appropriate, make inquiries, studies, investigations, hold hearings, and receive comments from the public. The board also may consult with outside experts in order to perform its duties, including, but not limited to, experts in the private sector, organized labor, government agencies, and at institutions of higher education.

D. Copies of this Directive shall be transmitted to the Board of Directors of the Michigan Economic Growth Authority and the President of the Michigan Strategic Fund.

This Directive is effective April 30, 2010. The Authority may implement provisions of this Directive prior to the effective date.

Given under my hand this 23rd day of March  
in the year of our Lord, two thousand and  
ten.



  
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**JENNIFER M. GRANHOLM**  
**GOVERNOR**